

Nixon, Hargrave, Devans & Doyle LLP
Attorneys and Counselors at Law

ONE KEYCORP PLAZA
ALBANY, NEW YORK 12207
(518) 427-2650

1600 MAIN PLACE TOWER
BUFFALO, NEW YORK 14202
(716) 853-8100

990 STEWART AVENUE
GARDEN CITY, NEW YORK 11530
(516) 832-7500

SUITE 700
ONE THOMAS CIRCLE
WASHINGTON, D. C. 20005-5802
(202) 457-5300
FAX: (202) 457-5355

WRITER'S DIRECT DIAL NUMBER: (202) 457-5321
WRITER'S FAX NUMBER: (202) 457-5355

437 MADISON AVENUE
NEW YORK, NEW YORK 10022
(212) 940-3000

CLINTON SQUARE
POST OFFICE BOX 1051
ROCHESTER, NEW YORK 14603
(716) 263-1000

April 15, 1997

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, DC 20554

APR 15 1997

RE: Ex Parte Presentation
File Nos.: CCB/CPD No. 96-29
CCD/PD No. 96-18
Docket No. CC 96-61

Dear Mr. Caton:

On this date Veronica M. Ahern, representing the Guam Telephone Authority, and Robert Haga, representing the National Exchange Carrier Association met with Al Barna, William Bailey, Eugene Gold, Raj Kannan and Steve Funkhouser of the Competitive Pricing Division. The purpose of the meeting was to discuss the pending request of GTA to become a member of NECA.

The attached materials were distributed at the meeting.

Respectfully submitted,


Veronica M. Ahern

Attachments

WASH01:54720

No. of Copies
List Added

023

Nixon, Hargrave, Devans & Doyle LLP

Attorneys and Counselors at Law

ONE KEYCORP PLAZA
ALBANY, NEW YORK 12207
(518) 427-2650

1600 MAIN PLACE TOWER
BUFFALO, NEW YORK 14202
(716) 853-8100

990 STEWART AVENUE
GARDEN CITY, NEW YORK 11530
(516) 832-7500

SUITE 700

ONE THOMAS CIRCLE
WASHINGTON, D. C. 20005-5802

(202) 457-5300

FAX: (202) 457-5355

WRITER'S DIRECT DIAL NUMBER: (202) 457-5321

437 MADISON AVENUE
NEW YORK, NEW YORK 10022
(212) 940-3000

CLINTON SQUARE
POST OFFICE BOX 1051
ROCHESTER, NEW YORK 14603
(716) 263-1000

April 15, 1997

Mr. Patrick Donovan
Deputy Chief
Competitive Pricing Division
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

RE: Guam Telephone Authority
NECA Membership

Dear Mr. Donovan:

Guam Telephone Authority, by its attorneys, hereby requests your assistance in preparing for membership in the National Exchange Carrier Association ("NECA").

As you know, GTA has filed a Petition requesting the Commission to approve GTA's membership in NECA. Until the FCC acts on that Petition, GTA and NECA cannot take formal steps in preparation for GTA to join in the 1997 NECA tariff filing. Such steps include training of GTA employees (see attached May 10 letter of Susan Barrett).

We are hopeful that the Commission will be able to take action on the GTA Petition in the very near future. However, if the Commission is not, we respectfully request informal assistance in preparing for membership. Specifically, we would appreciate a letter indicating that the Commission has no objection to GTA and NECA's taking the steps necessary to prepare for GTA's joining in the 1997 NECA tariff filing.

Nixon, Hargrave, Devans & Doyle LLP

Mr. Patrick Donovan
April 15, 1997
Page 2

We greatly appreciate your assistance in this matter.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Veronica M. Ahern".

Veronica M. Ahern

Attachment

cc: Joanne Salvatore Bochis
Lawrence Sampson
Robert Hagan
Susan Barrett
Vicente M. Camacho

SENT BY:

; 4-11-97 ; 15:36 ;

32-

6716494821:2

NECA NATIONAL EXCHANGE
CARRIER ASSOCIATION

1220 Willow Pass Road, Suite 650
Concord, CA 94520
P.O. Drawer #4100
Concord, CA 94524-4100
510/887-0401 800/223-8485
Fax # 510/887-0421 800/354-8852

April 10, 1997

Mr. Vicente Comacho
General Manager
Guam Telephone Authority
P.O. Box 9008
Tamuning, Guam 96931

Dear Mr. Comacho:

We are anxiously anticipating Guam Telephone Authority's entry into NECA membership. We have thoroughly enjoyed working with Diana Bernardo and Carl Leon Guerrero and look forward to meeting you and the rest of your staff.

To that end, I thought I would send this letter outlining our plans for training and follow-up with GTA staff so that we get our working relationship off to a good beginning.

When Diana and Carl were visiting us in late March, we established a tentative on-site training date for the week of May 12. We have been looking at the amount of material that we jointly agreed should be presented and have an alternate proposal for you. We thought it might be wise to begin training on Wednesday, May 14 continuing through Friday, May 16 and begin again on Monday, May 19 with a goal to finish by Tuesday, May 20. By breaking up the training, we thought it might help GTA staff to absorb all the information being presented and develop additional questions that could be answered early in the next week. I have attached for your review a tentative agenda for training based on this split week. In addition, to better accommodate your training needs, we have decided that Marilyn Porteous and Jackie Ramos will be visiting your office. They are both very knowledgeable and will be able to address any questions you may have.

We understand from NECA attorneys that an official order is necessary from the FCC to allow GTA entry into NECA's pools. Until that time, we are unable to finalize our training plans. Therefore, if it is necessary, we will reschedule the dates based on the FCC's order officially allowing GTA to be a NECA member.

SENT BY:

: 4-11-87 : 15:36 :

32-

6716484821# 3

We also discussed a meeting with the Interexchange Carriers (IXCs) during the time we were on-site to assist in answering their questions. Further discussions with NECA management indicate that NECA's first priority is to GTA as our member and we have not made a practice of meeting with IXCs. However, we are willing to field any questions they might have, if they will provide them to Diana or Carl. We might be able to give the IXCs some references to help them better understand how to do business with GTA under access arrangements. We might also suggest that any IXCs who have contacts with a continental U.S. associate (like MCI), ask for assistance from them.

Finally, even though we are only planning a one week trip at this time, we certainly plan to continue providing service and assistance in any way that we can. We thought that we might establish video conferences with GTA staff to be able to better serve you. If you could let us know if there is any location on Guam that has video conferencing or if GTA has the service available, we could make plans to establish some video training conferences between our locations.

Please let us know if you are agreeable to our alternate proposal and training schedule. We want to accommodate you in any way that we can. We are certainly open to other suggestions. We will confirm our training schedule as soon as an order is released from the FCC.

If you have any questions or suggestions, please do not hesitate to call or fax us. We look forward to hearing from you.

Sincerely,



Susan M. Barrett
Director - Pacific Region

Attachment

cc: Diana Bernardo
Carl Leon Guerrero
Marilyn Porteous
Jackie Ramos
Barbara McCarron

SENT BY:

: 4-11-87 : 15:37 :

32-

6716484821: 4

TENTATIVE AGENDA GUAM TELEPHONE AUTHORITY TRAINING

Wed. May 14

"NECA: Start to Finish" class

This class provides a good overview of NECA and its functions.

Thurs. May 15 and Fri. May 16

"Access Charge Handbook" class

This class includes details about the provisioning and billing of access elements, billing of non-recurring charges, access service orders and charges, etc.

Mon. May 19

"NECA Settlements" class

This class provides details about how settlements works and how to prepare settlement information for submission to NECA.

Tues. May 20

Questions and Answers

This day has been set aside to assist GTA staff with any questions they may have and to have more specific discussions with those who will be interfacing directly with NECA.

BACKGROUND

Guam Telephone Authority (GTA) is a semi-autonomous agency of the Government of Guam providing exchange and exchange access service in the Territory of Guam. Guam is located in the Western Pacific Ocean (Tab A) some 6,000 miles from the Mainland United States.

GTA was authorized in 1973 to take over the telephone facilities of the U.S. Navy which had provided telephone service on Guam since the end of World War II. Over several decades it has built a state-of-the-art fiber optic system using financing provided by the Rural Utilities Service (formerly the Rural Electrification Administration). Interexchange service originating and terminating on Guam was originally provided by RCA Globcom (now MCI). In about 1985 a new competitor, IT&E Overseas Inc., began providing service.

GTA charged for exchange access service on the basis of a "division of revenues" formula with RCA. After the implementation of access charges in 1984, GTA continued to use the division of revenues formula. During this time, Guam was treated as an international point for almost all regulatory purposes, AT&T did not terminate traffic on Guam, and GTA did not believe that the access charge regime applied to carriers who were not part of the AT&T domestic process.

In 1990, IT&E asked the FCC to require GTA to file an interstate access tariff and to convert its existing equipment from the international protocol (CAMA/ANI) to that used within the domestic U.S. (Feature Group D). After receiving comment on the issue, the FCC determined in 1992 that Guam was a domestic point and that GTA was required to file access tariffs. (Tab B)

In response, GTA first filed an Answer that indicated that filing a traditional interstate access charge tariff would cause a substantial and sudden increase in local rates, because Guam subscribers did not pay a Subscriber Line Charge and because international and interexchange revenues were used to keep local rates low. The interexchange carriers argued that they should not be required to subsidize local rates and that GTA's accounting systems were in such disarray that no clear understanding of the nature of the subsidies was possible.

In April 1993, GTA decided to take matters into its own hands. It developed and filed an "Integrated Compliance Plan" which would regularize GTA's tariff structure in both the local and federal jurisdictions. (Tab C) The ICP proposed to move GTA toward cost-based federal interstate access tariffs over a four year period. The first steps of the ICP were taken immediately. GTA filed a tariff codifying its division of revenue formula for origination and termination of message telephone service and hired Coopers & Lybrand

to reorganize its accounting procedures. On May 17, 1993 the FCC acted to allow that tariff to go into effect. (Tab D)

Before GTA could implement the rest of the Integrated Compliance Plan, it was necessary to decide upon a protocol that could be used to measure interexchange carrier usage. GTA, relying on informal advice from the FCC, decided to implement the Feature Group D protocol. During the summer of 1993 the interexchange carriers strongly opposed this decision and it became necessary for GTA to request that the FCC make a formal determination of which measurement protocol should be used.

On September 16, 1994, the Commission issued an order determining that FGD should be used on Guam. (Tab E) GTA began plans for implementation of FGD and for resumption of the ICP, which had been suspended while the Commission considered how GTA should proceed with measurement. It was necessary for GTA to receive a Carrier Identification Code from Bellcore. However, it soon became clear that Bellcore believed it had no authority to issue a CIC to a carrier that was not located in World Zone One and was not part of the North American Numbering Plan. Consequently, GTA began to press for inclusion within the NANP and for treatment as a U.S. domestic carrier. In the meantime, GTA filed tariffs to allow balloting and presubscription. (Tab F)

The issue of GTA's inclusion within the North American Numbering Plan was referred by Bellcore to the Industry Numbering Committee, which deals with technical and policy issues arising from numbering. There was some opposition to inclusion of Guam within the NANP, stemming principally from Canada. With the help of the FCC, the Department of the Interior and the Department of State, the issue was finally resolved when the Canadians withdrew their objection to the inclusion of Guam. Bellcore issued approval to GTA and plans became firm to implement FGD, resume the ICP and enter the NANP all on the same day, July 1, 1997.

However, too many years had passed to pick up the ICP where GTA had left off. Indeed, some reductions in the interstate division of revenues formula had already been made and local rates had been increased through a rate restructuring. Consequently GTA decided to foreshorten the period between the last steps of the ICP.

On July 16, 1996 GTA filed a new proposed interstate tariff that would complement a filing made July 1 on the local level. The federal tariff, which was effective October 1, 1996, served to:

- 1) introduce a SLC of \$1 for residential and \$2 for business;
- 2) introduce special access charges based upon NECA rates;
- 3) reduce the carrier's revenue formula from 18.5% to 12.6%.

GTA intends to take the final steps in its Integrated Compliance Plan in 1997, by joining NECA and participating in its 1997 Exchange Access Tariff. The preparation for the critical July 1, 1997 date includes the following:

NECA Petition and Tariff Filing

On October 31, 1996 GTA filed a Petition at the FCC requesting membership in NECA. That Petition was unopposed and GTA is hopeful that it will be granted in April 1997. In the meantime, in anticipation of the grant of the Petition and after consultation with both NECA and the FCC, GTA informed NECA on December 31, 1996 of its tariff pool elections. All these steps are necessary in order for GTA to participate in the NECA cost-based tariff filing.

Study Area Waiver

On January 16, 1997 GTA filed a request for waiver of the definition of "study area" contained in the FCC Rules. That definition "freezes", as of November 15 1984, the geographic areas used by local exchange carriers to study costs. Because GTA did not participate in domestic tariff filings in 1984, Guam was not listed as a study area. Consequently, a waiver of the rules is necessary for GTA to perform acceptable cost studies. On March 21, 1997 the Commission granted the Study Area Waiver Request (Tab G).

Feature Group D Conversion

Pursuant to the Commission's Order of September 1994, GTA will convert to Feature Group D on July 1, 1997. All the carriers have been informed of that conversion and have had ample time to make necessary switch adjustments. We are unaware of any outstanding issues which would delay conversion. From GTA's perspective all the necessary technical steps have been taken.

Equal Access Balloting

July 1, 1997 will also be the date on which GTA moves to "equal access", the process by which local customers presubscribe to interexchange carriers. The process of equal access involves balloting each local customer to receive his or her choice for a primary interexchange carrier. Eight Interexchange Carriers indicated their intention to serve Guam. Ballots were mailed to GTA customers on March 2, 1997.

NANP Inclusion

The final key event to take place on July 1, 1997 is the inclusion of Guam within the North American Numbering Plan. This will mean that calls between Guam and other parts of the U.S. can be made on a "1+" basis. Guam's current country code, 671, will be converted to an area code. International calls will retain the "011+" dialing pattern.

All necessary technical information to accomplish NANP inclusion was provided to Bellcore by the Governor's office in a timely fashion. The process for inclusion appears "on-track".

In sum, since the Commission's 1992 decision, GTA has attempted to become a fully compliant domestic local exchange carrier. The Integrated Compliance Plan embodied that goal. It provided for a movement to cost-based tariffing and the introduction of Subscriber Line Charges on about the same time schedule as was afforded to Mainland consumers when cost-based access tariffs replaced the Separations and Settlements process. Although the Commission has never specifically approved the Plan, it is clear from all the Commission actions over the last three years that it supports GTA's efforts at compliance. Changes have been made since the Plan was first conceived in 1993, but the objective remains the same: compliance with federal and local regulation, while affording the subscribers on Guam ample time to make the adjustment to cost-based tariffing. On July 1, 1997 GTA will accomplish its goals. As changes are made to the regulation of exchange access as a result of the Telecom Act of 1996, GTA will be ready to adapt.

Local Tariff Filing

On March 15, 1997 GTA filed its local exchange tariff, to correspond with its anticipated participation in the 1997 NECA tariff. The local tariff includes an increase in basic residential and business rates, as well as an escalation of the Subscriber Line Charge to levels equal to those paid by other subscribers.

DRAFT

April 15, 1997

Ms. Veronica M. Ahern
Nixon, Hargrave, Devans & Doyle LLP
One Thomas Circle, N.W.
Suite 700
Washington, DC 20005

Dear Ms. Ahern:

This is in response to your letter of April 15, 1997. We agree that GTA and NECA should prepare for GTA participation in the NECA exchange access tariff. We have no objection to GTA and NECA taking the steps necessary, including training of GTA staff, to achieve that goal.

Sincerely,

Patrick Donovan
Deputy Chief
Competitive Pricing Division